GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2819
ANSWERED ON:19.12.2003
NEW PACT WITH SRI LANKA
V. VETRISELVAN

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India and Sri Lanka have signed/propose to sign a Comprehensive Economic Partnership Agreement to widen the scope of trade and commerce between the two countries;

(b) if so, the details of the new pact;

(c) whether new segments of industry, services and investments would be incorporated in the new pact;

(d) if so, the details thereof; and

(e) the extent to which trade would increase as a result thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI S. B. MOOKHERJEE)

(a) Yes, Sir. There is a proposal to enter into a Comprehensive Economic Partnership Agreement (CEPA) between India and Sri Lanka.

(b) Details of the CEPA are yet to be negotiated by both countries.

(c) In this regard, a Joint Study Group (JSG) was set up by both Governments pursuant to the meeting between two Prime Minister in the month of June, 2002. The JSG has since submitted its report to two Prime Ministers on 20th October, 2003 in New Delhi. The JSG has recommended that CEPA could address issues such as reducing items under the Negative List,harmonization of customs procedure, standardised trade facilitation. Additionally, the CEPA would include trade in services, investment and economic cooperation.

(d) The details are yet to be negotiated.

(e) As per the Report submitted by the JSG, presently India accounts for 3.6 per cent of Sri Lanka`s total exportsIt could be targeted to increase to 10 per cent by 2008. On the other hand, India`s total exports to Sri Lanka are only 14 per cent of Sri Lanka`s imports, which could be targeted to double by 2008. This is based on the assumption that the global exports to India and Sri Lanka would grow at a rate of 10-12 per cent and the trade between the two countries would grow at four times that rate. Similar targets can be established for bilateral investment between the two countries, since there is much potential for growth in a supportive environment. Goals could also be set in key service sector industries. For example, each nation sets targets aimed at increasing substantially the number of tourist arrivals from the other country by 2008.